

RESOLUTION NUMBER 6193

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS DECLARING THAT THE PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2022-2 (PERRIS LOGISTICS CENTER) OF THE CITY OF PERRIS COMPLIES WITH THE DEBT ISSUANCE AND MANAGEMENT POLICY OF THE CITY OF PERRIS

WHEREAS, the City Council (the “Council”) of the City of Perris (the “City”) has received a petition (including consent and waiver) (the “Petition”) from IDIL Perris North 3, L.P., a Delaware limited partnership, and IDIL Perris Fulfillment Center LP, a Delaware limited partnership (collectively, “Property Owners”), requesting the institution of proceedings for formation of a community facilities district, known as Community Facilities District No. 2022-2 (Perris Logistics Center) of the City of Perris (the “District”), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code of the State of California (the “Act”); and

WHEREAS, the project that will be located in the District will consist of the development of approximately six industrial buildings expected to total approximately 6,033,403 square feet, the first two of which are: (1) a 799,522 square foot build-to-suit building for a confidential user on approximately 55.1 acres, which is currently under construction and is anticipated to be complete by Q2 2023, and (2) a 1,000,000 square foot building that is estimated to commence construction in Q2 2023 and be completed by Q1 2025 (the “Project”); and

WHEREAS, on January 10, 2023, the Council adopted the Debt Issuance and Management Policy of the City (the “Policy”), which sets certain standards and requirements for the formation of industrial community facilities districts; and

WHEREAS, pursuant to Section 5(iv) of the Policy, the City may approve the formation of industrial community facilities districts if, among other things, it determines that such formation will comply with Sections 5(iv)(a)-(g) of the Policy which relate to industrial and commercial districts; and

WHEREAS, there has been presented to the City (i) a Memorandum prepared by Kosmont Financial Services dated August 19, 2022, on behalf of the Property Owners, (ii) a Memorandum prepared by the City’s municipal advisor, Fieldman Rolapp & Associates, dated September 27, 2022, and (iii) a letter from Eide Bailly, LLP, a third-party financial advisor, dated September 27, 2022 (collectively, “Memoranda”) which provide a financial review and analysis of the financing proposal for the proposed District and confirm that the relevant requirements of the Policy will be met; and

WHEREAS, pursuant to Section 5(iv)(a) of the Policy, there is a clearly articulated public purpose in forming a community facilities district to finance the Project, because (a) the Project and related public improvements will bring development and public benefit to the area in which the Project is located, which is a previously undeveloped area of the

City, (b) the Project will generate approximately \$2.4 million annually for the City's General Fund from taxes of all types which will assist in providing services for residents and businesses, and (c) the Project will generate construction jobs initially and permanent jobs from the ongoing operation of the Project; and

WHEREAS, pursuant to Section 5(iv)(b) of the Policy, the Project has been conditioned to build or dedicate significant public improvements in excess of \$7 Million, including but not limited to street improvements and related utility improvements along Case Road and the value of targeted public improvements to be funded in the District is approximately \$17 to \$18 million; and

WHEREAS, pursuant to Section 5(iv)(c) of the Policy, IDI Logistics, LLC, a privately-owned company ("IDI Logistics"), which controls the Property Owners, is experienced with industrial and/or commercial projects, including rental projects, as it is a national leader in the development and management of logistics real estate in the U.S. with an established track record of development and operation over its 30-year history. IDI Logistics has developed more than 100 world-class business parks and 750 warehouses totaling over 200 million square feet throughout North America; and

WHEREAS, pursuant to Section 5(iv)(c) of the Policy, IDI Logistics has provided evidence of its financial stability pursuant to the requested financial statements for review by the City, and the targeted public improvements will be funded entirely from IDI Logistics' balance sheet, i.e., 100% equity with no construction or permanent loans secured; and

WHEREAS, pursuant to Section 5(iv)(d) of the Policy, the City has carefully evaluated IDI Logistics' financial plan and ability to carry out the Project, including the payment of special taxes during build-out; and

WHEREAS, pursuant to Section 5(iv)(d) of the Policy, prior to formation of the District, IDI Logistics acknowledges that it will: (1) provide a description of the tenants under negotiation and forms of potential leases, with all potential tenants formally acknowledging the taxes and lien on the Property, (2) identify any other debt payable on the Project area, (3) provide their financials and the financials of potential tenants for the last three years, (4) provide a successful track record of warehousing/industrial and/or commercial development and ownership and management of similar projects, (5) provide information on at least three recent projects, any long-term projects, and any information on failed projects in the last 20 years, and (6) provide a financial guaranty or letter of credit in a form satisfactory to the City's Bond Counsel or City Attorney to secure payment of special taxes, if the City deems necessary; and

WHEREAS, the Memoranda demonstrate that IDI Logistics has not had financial stress or projects that have failed in the last twenty years; and

WHEREAS, currently, IDI Logistics is under contract to sell two parcels in the "Perris South" area of approximately 69 acres and 64 acres, with the sales estimated to close in mid to late 2023 and construction beginning as early as late 2023; and

WHEREAS, pursuant to Section 5(iv)(e) of the Policy, IDI Logistics (1) is willing to provide a letter of credit or other potential security at bond issuance, as may be required by the

City, (2) acknowledges that, prior to debt issuance, they will provide confirmation of the percentage of the Project that is leased or under contract for sale to users and evidence of lease term length and that the proposed majority tenants shall be well-known, credit-worthy companies, and (3) acknowledges that buildout of public improvements to be funded/reimbursed with the District proceeds will be substantially complete; and

WHEREAS, pursuant to Section 5(iv)(f) of the Policy, IDI Logistics has represented that it has deliberately chosen to pursue a total tax burden that is primarily limited by market considerations, meaning that total rent charges, other taxes and charges, and the proposed District special tax combined will still be competitively priced for similar industrial product in the region and will not be significantly burdensome on its tenants; and

WHEREAS, the City continues to evaluate IDI Logistics' financial plan and the Project, including any portion of the Project being sold, to ensure that all applicable requirements of the Policy are complied with in connection with the formation of the District and prior to any bond issuance; and

WHEREAS, the Council desires to adopt this resolution to declare that the representations and information contained in the Petition comply with the standards and requirements of the Policy.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Perris, as follows:

Section 1. Based on the information presented herewith, each of the above recitals is true and correct and is adopted by the Council and incorporated herein.

Section 2. Pursuant to Section 5(iv) of the Policy, the Council hereby finds and determines that the provisions of Section 5(iv) of the Policy related to items required prior to formation have been met, to wit, the following: (a) there is a significant public purpose as the public improvements related to the Project are significant and necessary to provide services to develop a previously undeveloped or underdeveloped area of the City; (b) the Project is eligible for consideration as it exceeds \$7,000,000 of improvements to be funded; (c) IDI Logistics is experienced with industrial projects, including rental projects, and has provided evidence of experience and financial stability; (d) the City has evaluated IDI Logistics' credit quality, financial plan and ability to carry out the Project, including the payment of assessments and special taxes during build-out; (e) IDI Logistics is willing to provide a letter of credit or other potential security at bond issuance if the City deems necessary and appropriate; (f) IDI Logistics has certified that the total tax burden on its tenants will not be significantly burdensome on its tenants based on the rental charges, other taxes and charges due; and (g) IDI Logistics acknowledges that it must remain in compliance with all applicable provisions of the Policy related to the formation of the District and in connection with any bond issuance.

Section 3. This resolution shall take effect upon its adoption.

ADOPTED, SIGNED and **APPROVED** this 30th day of May, 2023.

Michael M. Vargas, Mayor

ATTEST :

Nancy Salazar, City Clerk

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) §
CITY OF PERRIS)

I, Nancy Salazar, CITY CLERK OF THE CITY OF PERRIS, DO HEREBY CERTIFY that the foregoing Resolution Number 6193 was duly adopted by the City Council of the City of Perris at a regular meeting of said Council on the 30th day of May, 2023, and that it was so adopted by the following vote:

AYES: ROGERS, NAVA, CORONA, RABB, VARGAS

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By: _____
Nancy Salazar, City Clerk